

## VIRGINIA DEPARTMENT OF MINES, MINERALS &amp; ENERGY

## VIRGINIA GAS AND OIL BOARD

Minutes and results of Hearing, November 19, 2002

Board members present: Mr. Brent, Mr. Harris, Mr. Mitchell, Mr. Ratliff

1. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, Inc. for pooling of conventional gas unit CNR 24655, Rock Lick District, Buchanan Co., VA. VGOB-02-06/18-1038. Continued from October.

Continued to December at the request of the applicant.

2. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, Inc. for pooling of conventional gas unit CNR 24629, Rock Lick District, Buchanan Co., VA. VGOB-02-06/18-1039. Continued from October.

Continued to December at the request of the applicant

3. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tracts 2 and 3, coalbed methane unit P-40, Garden District, Buchanan Co., VA. VGOB-93-02/16-0330-02. Continued from October.

Continued to December at the request of the applicant.

4. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tracts 2A and 2B, coalbed methane unit P-43, Garden District, Buchanan Co., VA. VGOB-00-03/21-0777-01. Continued from October.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 2A and a portion of Tract 2B have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the two tracts, and amendment of the pooling order to allow for direct payment of future royalties attributable to these tracts in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

5. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tracts 1 and 3, coalbed methane unit P-44, Garden District, Buchanan Co., VA. VGOB-00-03/21-0778-01. Continued from October.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 3 and a portion of Tract 1 have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the two tracts, and amendment of the pooling order to allow for direct payment of future royalties attributable to these tracts in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

6. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tract 1, coalbed methane unit Q-42, Garden district, Buchanan Co., VA. VGOB-93-02/16-0326-01.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 1 have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the tract, and amendment of the pooling order to allow for direct payment of future royalties attributable to the tract in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

7. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tract 2, coalbed methane unit Q-41, Garden District, Buchanan Co. VA. VGOB-93-02/16-0327-01.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 2 have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the tract, and amendment of the pooling order to allow for direct payment of future royalties attributable to the tract in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

8. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tract 4, coalbed methane unit P-41, Garden District,

Buchanan Co. VA. VGOB-93-02/16-0329-01.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 4 have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the tract, and amendment of the pooling order to allow for direct payment of future royalties attributable to the tract in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

9. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tracts 1, coalbed methane unit R-42, Garden District, Buchanan Co. VA. VGOB-93-02/16-0342-01.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 1 have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the tract, and amendment of the pooling order to allow for direct payment of future royalties attributable to the tract in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

10. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for amendment of a pooling order and authorization for disbursement of escrowed funds and direct payment of royalties for Tracts 1A, coalbed methane unit Q-44, Garden District, Buchanan Co. VA. VGOB-00—03/21-0780-01.

The applicant has submitted a supplemental affidavit to the Board stating that conflicting owners of coalbed methane resources in Tract 1A have entered into a royalty split agreement. The applicant seeks disbursement of escrowed funds attributable to the tract, and amendment of the pooling order to allow for direct payment of future royalties attributable to the tract in accordance with the split agreement. The escrow sub-account for this unit will remain open due to the existence of other conflicting claimants. Disbursement of funds was approved.

11. On the Board's own motion, consideration for the disbursement of funds tendered to and deposited in the escrow account after entry and execution of a disbursement order for Tracts 2 and 5, coalbed methane unit P-46, Garden District, Buchanan Co. VA. VGOB-99-05/18-0722-01.

A previously-entered disbursement order authorized payout of all funds, closure of the escrow sub-account, and direct payment of future royalties. Royalty funds were inadvertently submitted to and deposited in the account after the order, and these funds can

only be disbursed on order of the Board. Disbursement of funds according to formulae contained in the previous order and closing of the sub-account was approved.

12. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit AW-94, Hurricane District, Buchanan Co., VA. VGOB-02-11/19-1089.

In the AW-94 unit, the operator controls 73.2% of the coal and gas interests, and seeks to pool the remaining 26.8% of the interests. Acreage subject to pooling totals 15.8 acres in two tracts with six unleased owners. There are conflicting claimants subject to escrow. A permit to drill has been issued, and a well was drilled in May of this year. Pooling was approved.

13. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit D-39, Garden District, Buchanan Co., VA. VGOB-02-11/19-1090.

In the D-39 unit, the operator controls 75.35% of the coal and gas interests, and seeks to pool the remaining 24.65% of the interests. Acreage subject to pooling totals 19.7 acres in one tract with three unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill has been issued, and a well was drilled in October of this year. Pooling was approved.

14. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit FF-10, Hurricane District, Buchanan Co., VA. VGOB-02-11/19-1091.

In the FF-10 unit, the operator controls 68.4% of the coal and gas interests, and seeks to pool the remaining 31.6% of the interests. Acreage subject to pooling totals 28.3 acres in one tract with two unleased owners. There are conflicting claimants subject to escrow. A permit to drill has been issued, and a well was drilled in May of this year. Pooling was approved.

15. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit FF-11, Hurricane District, Buchanan Co., VA. VGOB-02-11/19-1092.

In the FF-11 unit, the operator controls 87.1% of the coal and gas interests, and seeks to pool the remaining 12.9% of the interests. Acreage subject to pooling totals 11.5 acres in one tract with two unleased owners (same as item 14, above). There are conflicting claimants subject to escrow. A permit to drill has been issued, and a well was drilled in May of this year. Pooling was approved. A corrected plat is required.

16. The Virginia Gas and Oil Board considered a petition from Buchanan Production Company for pooling of coalbed methane unit K-37, Garden District, Buchanan Co. VA. VGOB-02-11/19-1093.

In the K-37 unit, the operator controls 62.1% of the coal interests and 60.0% of the gas interests, and seeks to pool the remaining 37.9% of the coal interests and 40.0% of the gas interests. Coal acreage subject to pooling totals 30.3 acres in two tracts with 22 unleased owners. Gas acreage subject to pooling totals 32.0 acres in two tracts with 26 unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit has been issued. Pooling was approved.

17. The Virginia Gas and Oil Board considered a petition from Pocahontas Gas Partnership for pooling of coalbed methane unit BB-116, New Garden District, Russell Co., VA. VGOB-02-11/19-1094.

In the BB-116 unit, the operator controls 100% of the coal interests and 98.2% of the gas interests, and seeks to pool the remaining 1.8% of the gas interests. Acreage subject to pooling totals 1.08 acres in one tract with one unleased owner. There are conflicting claimants subject to escrow and owners subject to an existing royalty split agreement. A permit to drill has been issued, and a well was drilled in October of this year. Pooling was approved.

18. The Virginia Gas and Oil Board considered a petition from Consol Energy, Inc. for pooling of coalbed methane unit BB-118, New Garden District, Russell Co., VA. VGOB-02-11/19-1096.

In the BB-118 unit, the operator controls 94.3% of the coal and gas interests, and seeks to pool the remaining 5.7% of the interests. Acreage subject to pooling totals 3.4 acres in one tract with two unleased and unlocated owners. There are conflicting claimants and unlocated owners subject to escrow, and owners subject to an existing royalty split agreement. A permit to drill was issued in April of this year. Pooling was approved.

19. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed conventional well V-502377, Lipps District, Wise Co., VA. VGOB-02-11/19-1097.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The well is to be 116 feet closer to gas well VAL133742 (shown as ANR-75 on the submitted plat) than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resources. A permit application has been submitted. The spacing exception was approved.

20. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit PC-551127, Ervinton District, Dickenson Co., VA. VGOB-02-11/19-1098.

In the PC-551127 unit, the operator controls 100% of the coal interests and 95.5% of the gas interests, and seeks to pool the remaining 4.5% of the gas interests. Acreage subject to pooling totals 2.6 acres in one tract with one unleased owner. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued in October of this year. Pooling was approved.

21. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-509264, North Grundy District, Buchanan Co., VA. VGOB-02-11/19-1099.

In the VC-509264 unit, the operator controls 100% of the coal interests and 75% of the gas interests, and seeks to pool the remaining 25% of the gas interests. Acreage subject to pooling totals 19.8 acres in two tracts with seven unleased owners. There are conflicting claimants subject to escrow. No permit application has been submitted as of November 5, 2002. Pooling was approved.

22. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-509270, Garden District, Buchanan Co., VA. VGOB-02-11/19-1100.

In the VC-509264 unit, the operator controls 100% of the coal interests and 75% of the gas interests, and seeks to pool the remaining 25% of the gas interests. Acreage subject to pooling totals 19.8 acres in two tracts with seven unleased owners (same as item 21, above). There are conflicting claimants subject to escrow. A permit application was submitted on September 30, 2002. Pooling was approved.

23. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of conventional gas unit V-505369, Lipps District, Wise Co., VA. VGOB-02-11/19-1101.

Continued to January at the request of the applicant.

24. The Virginia Gas and Oil Board considered a petition from Penn Virginia Oil & Gas Corporation for pooling of conventional gas unit McNeil #1, Floyd District, Scott Co., VA. VGOB-02-11/19-1102.

In the McNeil #1 conventional gas unit, the applicant controls 86.2% of the oil and gas interests, and seeks to pool the remaining 13.8% of the interests. Unleased acreage subject to pooling totals 15.5 acres in two tracts having three unleased owners. There are no unlocated owners subject to escrow. A permit application was submitted on 11/4/02. Pooling was approved.

25. The Virginia Gas and oil Board re-opened Docket Number VGOB-02-08/20-1056 which was an application for pooling of unit EE-35. The petition for pooling was carried forward from the October hearing in order to allow the applicant to address an allegation of inadequate notice. The applicant reported that requirements for notice as presented in the original application were correct. Pooling was approved based on testimony received at the October hearing.

The deadline for filing of petitions to the Board for the December hearing is 5 p.m., November 15, 2002 with the hearing scheduled for 9 a.m., Tuesday, December 17, 2002 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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